

**UNITED STATES DEPARTMENT OF THE INTERIOR MINERALS MANAGEMENT
SERVICE**

**Stipulations for Oil and Gas Lease Sale 124 Outer Continental Shelf
Beaufort Sea, Alaska**

Stipulation No. 1--Protection of Archaeological Resources

- (a) "Archaeological resource" means any prehistoric or historic district, site, building, structure, or object (including shipwrecks); such term includes artifacts, records, and remains which are related to such a district, site, building, structure, or object, National Historic Preservation Act, as amended, 16 U.S.C. 470w(S)). "Operations" means any drilling, mining, or construction, or placement of any structure for exploration, development, or production of the lease.
- (b) If the Regional Supervisor, Field Operations (RSFO), believes an archaeological resource may exist in the lease area, the RSFO will notify the lessee in writing. The lessee shall then comply with subparagraphs (1) through (3).
- (1) Prior to commencing any operations, the lessee shall prepare a report, as specified by the RSFO, to determine the potential existence of any archaeological resource that may be affected by operations. The report, prepared by an archaeologist and a geophysicist, shall be based on an assessment of data from remote-sensing surveys and of other pertinent archaeological and environmental information. The lessee shall submit this report to the RSFO for review.
- (2) If the evidence suggests that an archaeological resource may be present, the lessee shall either:
- (i) Locate the site of any operation so as not to adversely affect the area where the archaeological resource may be; or
- (ii) Establish to the satisfaction of the RSFO that an archaeological resource does not exist or will not be adversely affected by operations. This shall be done by further archaeological investigation, conducted by an archaeologist and a geophysicist, using survey equipment and techniques deemed necessary by the RSFO. A report on the investigation shall be submitted to the RSFO for review.
- (3) If the RSFO determines that an archaeological resource is likely to be present in the lease area and may be adversely affected by operations, the RSFO will notify the lessee immediately. The lessee shall take no action that may adversely affect the archaeological resource until the RSFO has told the lessee how to protect it.
- (c) If the lessee discovers any archaeological resource while conducting operations in the lease area, the lessee shall report the discovery immediately to the RSFO. The lessee shall make every reasonable effort to preserve the archaeological resource until the RSFO has told the lessee how to protect it.

Stipulation No. 2--Protection of Biological Resources

If biological populations or habitats that may require additional protection are identified by the Regional Supervisor, Field Operations (RSFO), in the lease area, the RSFO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RSFO shall give written notification to the lessee of the RSFO's decision to require such surveys. Based on any surveys which the RSFO may require of the lessee or on other information available to the RSFO on special biological resources, the RSFO may require the lessee to:

- (1) relocate the site of operations;
- (2) establish to the satisfaction of the RSFO, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- (3) operate during those periods of time, as established by the RSFO, that do not adversely affect the biological resources; and/or
- (4) modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such findings to the RSFO and make every reasonable effort to preserve and protect the biological resource from damage until the RSFO has given the lessee direction with respect to its protection.

The lessee shall submit all data obtained in the course of biological surveys to the RSFO with the locational information for drilling or other activity. The lessee may take no action that might affect the biological populations or habitats surveyed until the RSFO provides written directions to the lessee with regard to permissible actions.

Stipulation No. 3--Orientation Program

The lessee shall include in any exploration or development and production plans submitted under 30 CFR 250.33 and 250.34 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the Regional Supervisor, Field Operations. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns which relate to the sale and adjacent areas. The program shall be formulated by qualified instructors experienced in each pertinent field of study and shall employ effective methods to ensure that personnel are informed of archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals, and to ensure that personnel understand the importance of not disturbing archaeological resources and of avoidance and nonharassment of wildlife resources. The program shall also be designed to increase the sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program also shall include information concerning avoidance of conflicts with subsistence activities. The program also shall include presentations and information about all pertinent lease sale stipulations and information to lessees provisions.

The program shall be attended at least once a year by all personnel involved in onsite exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors.

The lessee shall maintain a record of all personnel who attend the program. This record shall include the name and date(s) of attendance of each attendee and shall be kept onsite for so long as the site is active, not to exceed 5 years.

Stipulation No. 4--Transportation of Hydrocarbons

Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to any recommendation of the Regional Technical Working Group, or other similar advisory groups with participation of Federal, State, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the Regional Supervisor, Field Operations.

Stipulation No. 5--Industry Site-Specific Bowhead Whale-Monitoring Program

Lessees shall conduct a site-specific monitoring program during exploratory drilling activities to determine when bowhead whales are present in the vicinity of lease operations and the extent of behavioral effects on bowhead whales due to these activities. The lessee shall provide its proposed monitoring plan to the Regional Supervisor, Field Operations (RSFO), for review and approval no later than 60 days prior to commencement of drilling activities. Information obtained from this site-specific monitoring program shall be provided to the RSFO in accordance with the approved monitoring plan. This stipulation will remain in effect until termination or modification by the Department of the Interior after consultation with the National Marine Fisheries Service.

This stipulation applies to the following blocks for the following time periods: (Official Protraction Diagram [OPDJ])

SPRING MIGRATION AREA

April 15 to June 15

OPD	Blocks Included
NR 4-1	770-771, 813-815, 856-858, 899-901, 942, 985-986.
NR 4-2	241-242, 283-286, 496, 538-539, 579-583, 621-625, 663-667, 705-710, 749-752, 793-794.

OPD	Blocks Included
NR 5-1	243-254, 261-264, 287-300, 305-308, 333-338, 341-346, 348-352, 377-383, 386-390, 394-396, 421-426, 428-434, 438-440, 465-466, 468-470, 473-484, 509-510, 512-515, 519-528, 553-554, 557-561, 565-572, 597, 602-607, 611-616, 655-660, 699-704.
NR 5-2	221-224, 265-269, 309-315, 353-360, 397-405, 441-451, 485-499, 529-545, 573-591, 617-637, 661-683.
NR 6-1	682-684.

FALL MIGRATION AREAS

Western Blocks - September 15 through October 31

OPD	Blocks Included
NR 4-1	416-419, 460-463, 500-507, 542-551, 584-595, 626-639, 669-683, 714-727, 759-771, 804-815, 841-858, 884-901, 925-942, 969-986.
NR 4-2	231-242, 275-286, 314-325, 358-368, 397-410, 441-453, 485-496, 529-539, 573-583, 617-625, 661-667, 705-710, 749-752, 793-794.

Eastern Blocks - September 15 through October 31

OPD	Blocks Included
NR 5-1	243-254, 261-264, 287-300, 305-308, 333-338, 341-346, 348-352, 377-383, 386-390, 394-396, 421-426, 428-434, 438-440, 465-466, 468-470, 473-484, 509-510, 512-515, 519-528, 553-554, 557-561, 565-572, 597, 602-607, 611-616, 641, 647-653, 655-660, 685, 691-704, 729-731, 737-748, 775-777, 779-780, 785-792, 821-826, 831-836, 867-868, 871, 875-879, 912-913, 915-921, 957-960, 962-965, 1001-1003, 1008.
NR 5-2	221, 265-267, 309-312, 353-356, 397-401, 441-447, 485-492, 529-537, 573-587, 617-637, 661-683, 705-727, 749-771, 794-815, 841-859, 886-889, 891-903, 929-930, 932-934, 938-947, 970-972, 974-978, 982-991.
NR 5-3	35, 37, 41-44, 85-86.
NR 5-4	1-2, 6-11, 16-23, 46-53, 56-57, 60-67, 93-97, 100-111, 139-144, 147-152, 154-155, 184-188, 191-194, 228-231, 233-237, 273-277, 279-283, 288, 318-321, 324, 326-328, 331-332, 362-369, 373, 375-376, 407-412, 414-417, 452-459, 496-500, 541-542

OPD	Blocks Included
NR 6-1	682-684, 726-738, 770-784, 814-829, 858-874, 902-913, 916-921, 946-957, 960-967, 990-1001, 1005-1012.
NR 6-2	969.
NR 6-3	22-44, 66-88, 110-132, 154-176, 198-220, 241-246, 249-264, 285-289, 291, 296-308, 329-333, 339, 341-352, 373-376, 384, 386-396, 426-429, 431-440, 469-484, 517, 519-520, 522-528, 566-572, 611-616, 659, 660.
NR 6-4	1-8, 45-52, 89-96, 133-140, 177-182, 221-225, 265-270, 272, 309-316, 353-357, 360, 397-402, 441-447, 485-492, 529-536, 573-578, 617-622, 661-666, 706-712, 755-756.

Eastern Blocks – August 1 – October 31

OPD	Blocks Included
NR 6-4	9-23, 53-67, 97-111, 141-155, 185-199, 229-244, 273-275, 278-288, 317-319, 323-332, 361, 363-364, 369-376, 406-410, 415-420, 450-455, 459-464, 493-500, 503-508, 537-549, 552, 582-592, 626-627, 669-671, 682, 713-716, 723, 725, 757-761, 763-764, 767-768, 806-812, 849-860, 894-902, 940-944, 986-987.
NR 7-3	134, 178-181, 221-227, 265-274, 309-321, 353-368, 397-415, 441-446, 448-462, 485-490, 492-508, 529-552, 575-596, 618-640, 663-684, 708-725, 727, 751-766, 768-770, 794-802, 804-810, 813-814, 816, 846, 851-856, 860, 894-901, 937-940, 942-944, 948, 982-984, 987-989.
NR 7-4	485, 529-532, 573-579, 617-623, 661-667, 706-710, 749, 751-754, 793-796, 798, 842, 882, 886, 925, 969-971.
NR 7-5	15, 20-22, 60-69, 105-113, 150-157, 196-201, 242-245, 286-289.
NR 7-6	3-4, 46-48, 89-91, 133-135, 177-179, 221-222, 265-266, 309.

Stipulation No. 6--Subsistence Whaling and Other Subsistence Activities

All exploration and development and production operations shall be conducted in a manner that minimizes any potential for conflict between the oil and gas industry and subsistence activities, particularly the subsistence bowhead whale hunt.

Prior to submitting an exploration plan or development and production plan to the lessor for activities proposed during the bowhead whale migration period, the lessee shall contact the potentially affected communities, Wainwright, Barrow, Kaktovik, or Nuiqsut, and the Alaska Eskimo Whaling Commission

to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or measures which could be implemented by the operator to reduce or eliminate any conflict. Through this consultation, the lessee shall make reasonable efforts to assure that exploration, development, and production activities are compatible with whaling and other subsistence hunting activities and will not result in undue interference with subsistence harvests.

A discussion of resolutions reached during this consultation process and any unresolved conflicts shall be included in the exploration plan or the development and production plan. In particular, the lessee shall show in the plan how mobilization of the drilling unit and crew and supply boat routes will be scheduled and located to minimize conflicts with subsistence activities. Communities, individuals, and other entities who were involved in the consultation shall be identified in the plan. The lessee shall notify the Regional Supervisor, Field Operations, of all complaints received from subsistence hunters during operations and of steps taken to resolve such complaints.

The lessee shall send a copy of the exploration plan or development and production plan to the potentially affected communities and the Alaska Eskimo Whaling Commission at the same time they are submitted to the lessor to allow concurrent review and comment as part of the lessor's plan approval process.

Subsistence whaling activities occur generally during the following periods:

April to June: Barrow whalers use lead systems off Point Barrow and west of Barrow in the Chukchi Sea. Wainwright whalers use lead systems between Wainwright and Peard Bay.

August to October: Kaktovik/Nuiqsut hunters use the area circumscribed from Anderson Point in Camden Bay to a point 30 kilometers north of Barter Island to Humphrey Point east of Barter Island. The area of use may extend from Thetis Island to Flaxman Island seaward of the barrier islands.

September to October: Barrow hunters use the area circumscribed by a western boundary extending approximately 15 kilometers west of Barrow, a northern boundary 50 kilometers north of Barrow, then southeastward to a point about 50 kilometers off Cooper Island, with an eastern boundary on the east side of Dease Inlet. Occasional use may extend eastward as far as Cape Halkett.

Stipulation No. 7--Oil-Spill-Response Preparedness

Lessees must be prepared to respond to oil spills, which includes training of personnel for familiarization with response equipment and strategies, and conducting drills to demonstrate readiness. Prior to approval of exploration or development and production plans, lessees shall submit for review and approval oil-spill-contingency plans (OSCP's) in accordance with 30 CFR 250.42. The OSCP must address all aspects of oil-spill-response readiness including an analysis of potential spills and spill-response strategies; type, location, and availability of appropriate oil-spill equipment; and response times and equipment capability for the proposed activities. The plan must also address response drills and training requirements. The lessee shall conduct drills under realistic conditions to the extent necessary to demonstrate continued readiness and response capability for appropriate environmental conditions: e.g., solid-ice, open-water, and broken-ice conditions. For production operations, drills shall be conducted at least semiannually. Drills shall include deployment of onsite response equipment and additional equipment, available from a cooperative or other sources identified in the OSCP, to the extent necessary to demonstrate adequate response preparedness for the type, location, and scope of proposed activities and anticipated environmental conditions.

Stipulation No. 8--Agreement Between the United States of America and the State of Alaska

This stipulation applies to the following blocks or portions of blocks referred to in this Notice as disputed: NR 5-3, Teshekpuk, block 44; NR 5-4, Harrison Bay, blocks 1, 373, 375-376, 407-409, 416-417, 452-455, 496-500, 541-542; NR 6-3, Beechey Point, blocks 373, 375, 472-476, 517, 519-520, 522-524, 561-562, 564, 566-569, 605-610, 652-656, 659-660, 698-701, 743-746, 788-789, 792, 836; and NR 6-4, Flaxman Island, blocks 706-707, 755, 793, 894-896, 940-942.

This lease is subject to the "Agreement between the United States of America and the State of Alaska Pursuant to Section 7 of the Outer Continental Shelf Lands Act and Alaska Statutes 38.05.137 for the Leasing of Disputed Blocks in Federal Outer Continental Shelf Oil and Gas Lease Sale 124 and State Oil and Gas Lease Sale 65" (commonly referred to as the "Agreement"), and the lessee hereby consents to every term of that Agreement. Nothing in that Agreement or this Notice shall affect or prejudice the legal position of the United States in *United States of America v. State of Alaska*, No. 84; Original.

Any loss incurred or sustained by the lessee as a result of obtaining validation and recognition of this lease pursuant to the "Agreement," and in particular any loss incurred or sustained by the lessee as a result of conforming this lease with any and all provisions of all applicable laws of the party prevailing in *United States of America v. State of Alaska*, United States Supreme Court No. 84, Original, shall be borne exclusively by the lessee.

No taxes payable to the State of Alaska will be required to be paid with respect to this lease until such time as ownership of or jurisdiction over the lands subject to this lease is resolved. In the event that the lands subject to this lease or any portion of them are judicially determined to be State lands, the lessee shall pay to the State a sum equivalent to the State taxes which would have been imposed under Alaska law if the lands, or portion thereof determined to be State lands, had been undisputed State lands from the date the lease was executed, plus interest at the annual legal rate of interest provided under Alaska law accruing from the date the taxes would have become due under Alaska law. Such payment shall be in lieu of, and in satisfaction of, the actual State taxes.

Stipulation No. 9--Agreement Regarding Unitization

This stipulation applies to the following blocks or portions of blocks referred to in this Notice as disputed: NR 5-3, Teshekpuk, block 44; NR 5-4, Harrison Bay, blocks 1, 373, 375-376, 407-409, 416-417, 452-455, 496-500, 541-542; NR 6-3, Beechey Point, blocks 373, 375, 472-476, 517, 519-520, 522-524, 561-562, 564, 566-569, 605-610, 652-656, 659-660, 698-701, 743-746, 788-789, 792, 836; and NR 6-4, Flaxman Island, blocks 706-707, 755, 793, 894-896, 940-942.

This lease is subject to the "Agreement Regarding Unitization for the Outer Continental Shelf Oil and Gas Lease Sale 124 and State Oil and Gas Lease Sale 65 Between the United States of America and the State of Alaska" and the lessee is bound by the terms of that Agreement.